



MEMORANDUM

TO: State Board Members

FROM: Jeff Zaring, Neil Ruddock

DATE: July 15, 2009

SUBJECT: Summary of Relevant Budget Provisions

This memorandum is intended as a summary of the major provisions affecting education in the final budget legislation (HB 1001). We have included specific statutory language for a couple sections which have garnered significant attention, but this is by no means an exhaustive listing.

Additional questions can be directed to Jeff or Neil. The full text of the enacted legislation can be accessed at: <http://www.in.gov/legislative/bills/1092/HE/HE1001.1.html>

Spending Overview

- General Fund Revenue Forecast: \$26.8 billion over biennium - \$13.1b in FY10; \$13.7b in FY11
- General Fund Appropriations: \$27.8 billion over biennium - \$13.7b in FY10 (\$800 reduction or -5.5% decrease compared to FY09 appropriation); \$14.1b in FY11 (2.7% increase over FY10)
- Federal ARRA monies for FY09-11: \$823m to restore education cuts; \$1 billion for Medicaid; \$183m for general purposes
- Estimated Combined Balances at end of biennium: \$1 billion, 7% of operating revenue

Federal Fiscal Stabilization Funds for Education – \$823M for FY 2009-2011

- Can only be used to restore cuts in K-12 and Higher Education to FY 2009 levels or has to be
- distributed as direct grants to Title I Schools
- \$610m to restore cuts in CY2009 for K-12 schools
- \$213m to restore cuts to higher education operating and repair & rehabilitation for FY09, FY10 and
- FY11

School Formula

- Uses \$610m of Federal Stabilization Funds to restore a 9.4% reduction to K-12 schools in CY2009
- Provides 1.1% increase in CY2010 and 0.3% increase in CY2011 in state funding
- Includes funding for enrollment growth, 3 year reghoster (previous reghoster was 5 years), 2nd tier complexity index for highest % of free and reduced lunch students
- Education Trigger – Appropriates 50 percent of “excess” revenues over 5/27/09 forecast for Tuition Support

Line Items/Policy Changes

- Distribution for Professional Development: \$5.5m each year
- Education Service Centers: provides funding of \$2m in FY10 and \$1m in FY11
- Funds \$5m for school improvement programs, including the Woodrow Wilson Teaching Fellowship
- Program and start up costs for New Tech High Schools
- Combines the 4Rs technology program and fund and the Technology Grant Program into the David
- C. Ford Educational Technology Program-\$3.8m in each year of biennium
- School circuit breaker replacement grants: funds \$40m in CY2009 and \$60m in CY2010
- Establishes an online charter school pilot under IDOE
- Specifies that if federal rules, regulations, or directives require the use of collective program results of tests to evaluate educators in order to qualify for those federal funds, collective program results of tests used by any school corporation that would receive federal funds may be used as a factor, but not the sole factor, to evaluate educators.
- Allows a school corporation to join the state’s health care plans. Requires the school to pay the same employer share as the state pays on behalf of state employees.

Specific Statutory Language

(new language in **bold**)

Health Insurance

SOURCE: IC 5-10-8-6.7; (09ss1)PD3027.35. --> SECTION 67. IC 5-10-8-6.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: **Sec. 6.7.**

(a) As used in this section, "state employee health plan" means a:

(1) self-insurance program established under section 7(b) of this chapter; or

(2) contract with a prepaid health care delivery plan entered into under section 7(c) of this chapter;

to provide group health coverage for state employees.

(b) The state personnel department shall allow a school corporation to elect to provide coverage of health care services for active and retired employees of the school corporation under any state employee health plan. If a school corporation elects to provide coverage of health care services for active and retired employees of the school corporation under a state employee health plan, it must provide coverage for all active and retired employees of the school corporation under the state employee health plan (other than any employees covered by an Indiana comprehensive health insurance association policy) if coverage was provided for

these employees under the prior policies.

(c) The following apply if a school corporation elects to provide coverage for active and retired employees of the school corporation under subsection (b):

(1) The state shall not pay any part of the cost of the coverage.

(2) The coverage provided to an active or retired school corporation employee under this section must be the same as the coverage provided to an active or retired state employee under the state employee health plan.

(3) Notwithstanding sections 2.2 and 2.6 of this chapter:

(A) the school corporation shall pay for the coverage provided to an active or retired school corporation employee under this section an amount not more than the amount paid by the state for coverage provided to an active or retired state employee under the state employee health plan; and

(B) an active or retired school corporation employee shall pay for the coverage provided to the active or retired school corporation employee under this section an amount that is at least equal to the amount paid by an active or retired state employee for coverage provided to the active or retired state employee under the state employee health plan.

(4) The school corporation shall pay any administrative costs of the school corporation's participation in the state employee health plan.

(5) The school corporation shall provide the coverage elected under subsection (b) for a period of at least three (3) years beginning on the date the coverage of the school corporation employees under the state employee health plan begins.

(d) The state personnel department shall provide an enrollment period at least every thirty (30) days for a school corporation that elects to provide coverage under subsection (b).

(e) The state personnel department may adopt rules under IC 4-22-2 to implement this section.

(f) Neither this section nor a school corporation's election to participate in a state employee health plan as provided in this section impairs the rights of an exclusive representative of the certificated or noncertificated employees of the school corporation to collectively bargain all matters related to school employee health insurance programs and benefits.

Staff Evaluation

SECTION 320. IC 20-28-11-3, AS ADDED BY P.L.1-2005, SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 3. Each plan:

(1) must provide for the improvement of the performance of the individuals evaluated;

(2) must provide for the growth and development of the individuals evaluated;

(3) must require periodic assessment of the effectiveness of the plan;

(4) must provide that nonpermanent and semipermanent teachers receive:

(A) an evaluation on or before December 31 each year; and

(B) if requested by that teacher, an additional evaluation on or before March 1 of the following year;

and

(5) may provide a basis for making employment decisions; and

"(6) if federal rules, regulations, or directives require the use of collective program results of tests to evaluate educators in order to qualify for those federal funds, collective program results of tests used by any school corporation that would receive federal funds may be used as a factor, but not the sole factor, to evaluate educators. If collective testing results are used as a factor in evaluations by a school corporation, they must be applied to all educators in that school corporation.

However, Except as provided in subdivision (6), the plan may not provide for an evaluation that is based in whole or in part on the ISTEP program test scores of the students in the school corporation."

Online Charter Schools

SOURCE: IC 20-24-7-13. --> SECTION 315. IC 20-24-7-13 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: **Sec. 13. (a) As used in this SECTION, "virtual charter school" means any charter school, including a conversion charter school, that provides for the delivery of more than fifty percent (50%) of instruction to students through:**

- (1) virtual distance learning;**
- (2) online technologies; or**
- (3) computer based instruction.**

(b) The department shall establish a pilot program to provide funding for a statewide total of up to two hundred (200) students who attend virtual charter schools in the school year ending in 2010 and five hundred (500) students who attend virtual charter schools in the school year ending in 2011. The department shall choose an entity or entities to operate the virtual charter school. The pilot program must focus on children who have medical disabilities or circumstances that prevent them from attending school or for whom a virtual charter school is a better alternative than a traditional school. At least seventy-five percent (75%) of the students enrolled in virtual charter schools under this section must have been included in the ADM count for the previous school year.

(c) A virtual charter school is entitled to receive funding from the state in an amount equal to the product of:

- (1) the number of students included in the virtual charter school's ADM who are participating in the pilot program; multiplied by**
- (2) eighty percent (80%) of the statewide average basic tuition support.**

(d) The department shall adopt rules under IC 4-22-2 to govern the operation of virtual charter schools.

(e) Beginning in 2009, the department shall before December 1 of each year submit an annual report to the state budget committee concerning the program under this section.